

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2018
(Based on Japanese GAAP)**

October 30, 2018

Company name: CREO CO., LTD.
 Stock exchange listing: Tokyo
 Stock code: 9698 URL <http://www.creo.co.jp>
 Representative: President and Representative Director Junichi Kakizaki
 Inquiries: Managing Director, Financial Director Takashi Ameda TEL 03-5783-3560
 Scheduled date to file Quarterly Securities Report: November 14, 2018
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts, institutional investors and general investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2018 (from April 1, 2018 to September 30, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2018	6,181	10.7	152	411.1	184	215.6	129	522.2
Six months ended September 30, 2017	5,582	3.8	29	(35.6)	58	(20.8)	20	(48.7)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2018	15.64		–	
Six months ended September 30, 2017	2.51		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2018	7,573	5,323	69.8
As of March 31, 2018	7,525	5,315	70.2

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2018	–	0.00	–	15.00	15.00
Year ending March 31, 2019	–	0.00			
Year ending March 31, 2019 (Forecast)			–	20.00	20.00

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	13,100	6.8	570	38.8	590	28.8	400	30.9	48.20

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2018
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2018	8,650,369 shares	As of March 31, 2018	8,650,369 shares
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Number of treasury shares at the end of the period

As of September 30, 2018	351,016 shares	As of March 31, 2018	350,927 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2018	8,299,386 shares	Six months ended September 30, 2017	8,318,983 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	3,483	3,879
Notes and accounts receivable - trade	2,514	1,971
Merchandise and finished goods	4	1
Work in process	235	448
Other	206	213
Total current assets	6,445	6,514
Non-current assets		
Property, plant and equipment	328	321
Intangible assets		
Goodwill	93	74
Patent right	1	1
Software	272	304
Software in progress	95	60
Other	0	0
Total intangible assets	463	441
Investments and other assets		
Investment securities	3	2
Other	308	316
Allowance for doubtful accounts	(23)	(23)
Total investments and other assets	288	295
Total non-current assets	1,079	1,058
Total assets	7,525	7,573
Liabilities		
Current liabilities		
Accounts payable - trade	518	509
Accounts payable - other	324	283
Income taxes payable	119	64
Advances received	184	365
Provision for bonuses	485	510
Provision for directors' bonuses	5	-
Other	430	377
Total current liabilities	2,067	2,112
Non-current liabilities		
Directors' retirement benefits payable	26	26
Asset retirement obligations	63	68
Other	52	43
Total non-current liabilities	142	138
Total liabilities	2,210	2,250

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
Net assets		
Shareholders' equity		
Capital stock	3,149	3,149
Capital surplus	562	562
Retained earnings	1,718	1,723
Treasury shares	(148)	(148)
Total shareholders' equity	5,281	5,286
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Total accumulated other comprehensive income	0	0
Non-controlling interests	33	36
Total net assets	5,315	5,323
Total liabilities and net assets	7,525	7,573

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Net sales	5,582	6,181
Cost of sales	4,504	4,945
Gross profit	1,077	1,235
Selling, general and administrative expenses	1,047	1,082
Operating profit	29	152
Non-operating income		
Interest income	1	0
Dividend income	0	0
Subsidy income	20	25
Other	8	5
Total non-operating income	30	32
Non-operating expenses		
Interest expenses	0	0
Other	1	0
Total non-operating expenses	1	1
Ordinary profit	58	184
Extraordinary income		
Gain on sales of investment securities	2	–
Total extraordinary income	2	–
Extraordinary losses		
Other	2	–
Total extraordinary losses	2	–
Profit before income taxes	58	184
Income taxes - current	33	50
Income taxes - deferred	0	0
Total income taxes	34	50
Profit	23	133
Profit attributable to non-controlling interests	2	4
Profit attributable to owners of parent	20	129

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Profit	23	133
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	0
Total other comprehensive income	(1)	0
Comprehensive income	22	133
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20	129
Comprehensive income attributable to non-controlling interests	1	4

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash flows from operating activities		
Profit before income taxes	58	184
Depreciation	136	121
Amortization of goodwill	19	19
Increase (decrease) in provision for bonuses	74	25
Increase (decrease) in provision for directors' bonuses	(4)	(5)
Interest and dividend income	(1)	(0)
Interest expenses	0	0
Loss (gain) on sales of investment securities	(2)	–
Loss (gain) on valuation of investment securities	–	0
Decrease (increase) in notes and accounts receivable - trade	418	543
Decrease (increase) in inventories	(256)	(209)
Increase (decrease) in notes and accounts payable - trade	(70)	(8)
Increase (decrease) in accounts payable - other	(43)	(36)
Increase (decrease) in accrued consumption taxes	(114)	(47)
Other, net	170	125
Subtotal	385	712
Interest and dividend income received	1	0
Interest expenses paid	(0)	(0)
Income taxes paid	(52)	(89)
Net cash provided by (used in) operating activities	333	623
Cash flows from investing activities		
Purchase of property, plant and equipment	(4)	(8)
Purchase of intangible assets	(60)	(94)
Payments for guarantee deposits	(16)	(10)
Proceeds from sales of investment securities	5	–
Proceeds from collection of guarantee deposits	43	0
Payments of loans receivable	–	(0)
Collection of loans receivable	–	15
Other, net	(0)	0
Net cash provided by (used in) investing activities	(33)	(97)
Cash flows from financing activities		
Purchase of treasury shares	(42)	(0)
Cash dividends paid	(108)	(124)
Dividends paid to non-controlling interests	(1)	(1)
Repayments of lease obligations	(4)	(4)
Net cash provided by (used in) financing activities	(156)	(130)
Net increase (decrease) in cash and cash equivalents	143	395
Cash and cash equivalents at beginning of period	3,328	3,483
Cash and cash equivalents at end of period	3,471	3,879